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**FOREIGN SHARE OF THE JAPANESE SEMICONDUCTOR MARKET
INCREASES TO 33.9% IN THE SECOND QUARTER 1998**

Foreign share of the Japanese semiconductor market rebounded to its second-highest level ever in the second quarter of 1998, rising to 33.9% from 31.7% in the first quarter, even as sales from U.S. and foreign suppliers fell during the quarter. In 1997, foreign share averaged 33.3%, up from an average of 27.5% in 1996.

Foreign market share gained overall because the Japanese semiconductor market declined even more during the period. Over the past three quarters, the Japanese semiconductor market has shrunk 22.5%.

“Although we are pleased that the U.S. and other foreign suppliers continue to maintain a competitive position in the Japanese semiconductor market, we are concerned about the absolute downturn in sales,” said Ambassador Charlene Barshefsky. “We will continue to monitor the situation carefully since the U.S. offers competitive semiconductor products for sale in all sectors of the market. The downturn in overall sales underscores the importance for more effective measures on the part of the Japanese government to stimulate domestic demand-led growth. The United States will continue to press Japan to further deregulate its economy, move toward domestic demand-led growth, implement financial reforms on an accelerated basis, and undertake market-opening reforms across-the-board. Only through such comprehensive measures can Japan create a climate of growth that can effectively stimulate the Asia-Pacific region.”

One of the key elements of the 1996 semiconductor agreement is the provision for cooperative activities between foreign semiconductor suppliers and Japanese users, in areas such as automotive, telecommunications and emerging applications. “We are gratified by the high level of interest shown by U.S. suppliers and Japanese semiconductor users which is occurring under the framework of the 1996 U.S.-Japan semiconductor agreement. We expect that U.S. chipmakers and their Japanese customers will continue to work together to develop the new products that will drive consumer demand and help the Japanese economy recover 1999,” Ambassador Barshefsky said.

Foreign Market Share

Q3 1991	14.3%
Q4 1991	14.4%
Q1 1992	14.6%
Q2 1992	16.0%
Q3 1992	15.9%
Q4 1992	20.2%
Q1 1993	19.6%
Q2 1993	19.2%
Q3 1993	18.1%
Q4 1993	20.7%
Q1 1994	20.7%
Q2 1994	21.9%
Q3 1994	23.2%
Q4 1994	23.7%
Q1 1995	22.8%
Q2 1995	22.9%
Q3 1995	26.2%
Q4 1995	29.6%
Q1 1996	26.9%
Q2 1996	26.4%
Q3 1996	27.1%
Q4 1996	29.4%
Q1 1997	32.6%
Q2 1997	35.8%
Q3 1997	32.1%
Q4 1997	32.7%
Q1 1998	31.7%
Q2 1998	33.9%